

Message Text

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16

ACTION EUR-12

INFO OCT-01 ISO-00 XMB-02 EB-07 MC-02 CIAE-00 DODE-00

INR-07 NSAE-00 PA-01 USIA-06 PRS-01 SP-02 FAA-00

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FM AMEMBASSY ATHENS

TO SECSTATE WASHDC 2884

INFO USDOC WASHDC

FAA BRUSSELS

AMEMBASSY ROME

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DEPT PASS EXIMBANK TUTINO

USDOC FOR BIC/OED COHEN

ROME FOR RCAA

EO 11652: NA

TAGS: BENC EAIR ELAB BEXP EFIN GR

SUBJECT: OLYMPIC TWINJET AIRCRAFT PURCHASE

REF: ATHENS 1560

1. REPRESENTATIVES OF NINE OLYMPIC AIRWAYS PERSONNEL
UNIONS HELD A PRESS CONFERENCE ON FEB 26, WHICH
WAS ALSO ATTENDED BY PARLIAMENT DEPUTIES FROM EACH OF
THE LEADING PARTIES. THE SPOKESMEN WERE CRITICAL OF
THE DECISION TO PURCHASE FIVE B-737'S AT A COST OF
DOLS 45 MILLION, ARGUING THAT SECOND-HAND BOEING 720'S
ARE AVAILABLE AT DOLS 5 TO DOLS 7.5 MILLION WITH
IMMEDIATE DELIVERY. THE UNION SPOKESMEN WERE ALSO
QUOTED TO HAVE CLAIMED THAT OLYMPIC'S 5 YEAR PROGRAM
INCLUDES THE PURCHASE OF A LARGE NUMBER OF ADDITIONAL
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AIRCRAFT WORTH DOLS 300 TO 350 MILLION WITH FINANCING

FROM FOREIGN BANKS.

(COMMENT: THE UNION'S REAL CONCERN IS THAT THE BOEING 737 DOES NOT REQUIRE A FLIGHT ENGINEER WHEREAS THE BOEING 720 DOES.

2. ON THE SAME DAY EDIK (DEMOCRATIC CENTER UNION) DEPUTIES MRS. VIRGINIA TSOUDEROU AND MR. COSTIS YATRAKOS LODGED AN INTERPOLATION IN PARLIAMENT URGING THE MINISTERS OF TRANSPORT AND COORDINATION TO TAKE MEASURES AGAINST THOSE RESPONSIBLE FOR THE DECISION TO PURCHASE THE NEW AIRCRAFT. THE TWO DEPUTIES ALSO CLAIMED THAT THE DATA SUBMITTED EARLIER TO PARLIAMENT IN SUPPORT OF THE DECISION WERE ARBITRARY AND INCOMPLETE.

3. THAT EVENING OLYMPIC BOARD CHAIRMAN THEOFANOUS TOLD ECONOMIC/COMMERCIAL COUNSELOR THAT AT A SPECIAL CABINET MEETING ON THIS SUBJECT ON FEB 24 CHAIRED BY CARAMANLIS, TRANSPORTATION MINISTER VOYATZIS ASKED FOR TIME TO PREPARE ADDITIONAL DATA ON OLYMPIC'S ECONOMIC NEED FOR THE AIRCRAFT BEFORE THE FINAL PAPERS ARE SIGNED. THEOFANOUS SAID THAT THE DATA WERE READILY AVAILABLE AND UNEQUIVACABLY DEMONSTRATED THE NEED FOR THE AIRCRAFT. HE(THEOFANOUS) BELIEVED THAT VOYATZIS MOTIVE WAS PRIMARILY TO BETTER PREPARE HIMSELF FOR THE PARLIAMENTARY DEBATE WHICH WOULD INEVITABLY ARISE. THEOPHANOUS REGARDED THIS ADDED DELAY AS PROFORMA, AND HAD NO CONCERN THAT THE 737 PURCHASE WOULD NOT TAKE PLACE. THEOFANOUS ADDED THAT AT THE CABINET MEETING THE PRIME MINISTER WAS SATISFIED WITH THE RECOMMENDATION OF THE EVALUATION COMMITTEE AND THE SELECTION PROCEDURE FOLLOWED.

4. EARLIER THAT DAY, VOYATZIS HAD ISSUED A STATEMENT TO THE EFFECT THAT NO FINAL PURCHASE DECISION HAD YET BEEN REACHED, BUT THAT THIS DECISION WAS IN THE HANDS OF THE OLYMPIC BOARD.
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Disposition Authority: morefirh
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